

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

MICROSOFT CORPORATION,

Petitioner,

v.

SAINT REGIS MOHAWK TRIBE,

Patent Owner.

IPR2018-01594

Patent 6,434,687 B1

**PATENT OWNER SAINT REGIS MOHAWK TRIBE'S SUR-REPLY TO
PETITIONER MICROSOFT CORPORATION'S REPLY TO PATENT
OWNER'S PRELIMINARY RESPONSE TO MICROSOFT'S PETITION
FOR *INTER PARTES* REVIEW**

I. INTRODUCTION

Microsoft's legal or factual arguments concerning § 314(a) are incorrect and irrelevant because binding Supreme Court and Federal Circuit precedents have held that the Board may deny an IPR petition for *any* reason whatsoever. Microsoft's Reply is legally incorrect when it argues otherwise. There are no constraints on the Board's discretion to deny an IPR petition.

Similarly, Microsoft is factually incorrect when it states that Patent Owner "provides no evidence that the United States, or Lockheed, would be unable to obtain replacement products from another source should SRC stumble in the market." Patent Owner submitted a Declaration from Mark Wollgast, the Engineering Program Manager at Lockheed Martin in charge of the Tactical Reconnaissance and Counter-Concealment Radar (TRACER) program, that shows that SRC/Directstream's processor has "leading edge capabilities that Lockheed Martin's own procurement process showed no other vendor could match."

Finally, denying Microsoft's Petitions under § 314(a) would affirmatively demonstrate that the Board will not allow large, multi-national corporations to use the IPR process to efficiently infringe patents invented by small, innovative American companies. This would significantly advance Director Iancu's stated agenda of restoring confidence in the U.S. patent system, helping inventors, and incentivizing innovation.

II. ARGUMENT

A. The Board has the discretion to deny Microsoft’s IPR petitions for any reason at all.

Microsoft misstates the law by arguing that it would be inappropriate for the Board to “deny institution of an IPR based on a desire to protect the market position of the Patent Owner’s non-exclusive licensee, or on any similar interest.” Reply at 3.

According to Congress, the Supreme Court, and the Federal Circuit, the Board is never wrong when it denies an IPR petition.

In the America Invents Act, Congress granted the Director of the United States Patent and Trademark Office the discretion to deny any IPR petition for any reason by making this decision final and nonappealable. *See* 35 U.S.C. § 314(d) (“The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable”).

The Supreme Court has thrice affirmed that the USPTO Director has complete discretion to deny an IPR petition for any reason. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016) (The “agency's decision to deny a petition is a matter committed to the Patent Office's discretion.”); *SAS Inst., Inc. v. Iancu*, 138 S. Ct. 1348, 1353 (2018) (same); *Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, 138 S. Ct. 1365, 1371 (2018) (same).

The Federal Circuit recently affirmed that the USPTO Director has “complete

discretion to decide not to institute review” because the “Director bears the **political responsibility** of determining which [IPRs] should proceed.” *Saint Regis Mohawk Tribe v. Mylan Pharm. Inc.*, 896 F.3d 1322, 1327 (Fed. Cir. 2018). Thus, Director Iancu may deny an IPR petition for any reason at all, including “administrative efficiency or based on a party’s status as a sovereign.” *Id.*

B. SRC/DirectStream is an irreplaceable, sole-source supplier to Lockheed Martin on behalf of the U.S. Southern Command.

Microsoft’s reply also misstates the facts when it states that Patent Owner “provides no evidence that the United States, or Lockheed, would be unable to obtain replacement products from another source should SRC stumble in the market.” Patent Owner submitted the Declaration of Mark Wollgast,¹ which states:

9. SRC/DirectStream is the sole source vendor of processors used in both our TRACER program and another program that requires extremely high-performance signal processing in a very limited SWAP (size, weight, and power) environment.

...

19. Currently SRC/DirectStream is under a sole source contract by Lockheed on behalf of the U.S. Southern Command to produce an even more advanced version of

¹ Mr. Wollgast’s declaration was submitted as EX 2032 in IPR2018-01594 and EX. 2033 in IPR2018-01599, -01600, -01601, -01602, -01603, -01604, -01605, -01606, -01607.

the current TRACER processor expected to be delivered in 2019.

20. This system will have five times the current processing capability while being just 1/3 the physical size and consuming half the power.

21. These performance, size and power consumption improvements continue to demonstrate SRC/DirectStream's leading edge capabilities that Lockheed Martin's own procurement process has showed **no other vendor could match.**

This evidence affirmatively shows that the United States and Lockheed would be unable to obtain a replacement processor from another source that matches the capabilities of the SRC/DirectStream processor.

C. Denying Microsoft's Petitions under § 314 will advance Director Iancu's agenda of restoring confidence in the U.S. Patent System.

Abraham Lincoln firmly believed that the U.S. Patent System "added the fuel of interest to the fire of genius, in the discovery and production of new and useful things." Director Iancu has said: "For our IP system to function as intended, patent owners and the public must have confidence in the patent grant. And when patent owners and the public have confidence in the patent grant, inventors are encouraged to invent, investments are made, companies grow, jobs are created, and science and technology advance." [https://www.uspto.gov/about-us/news-updates/remarks-director-andrei-iancu-us-institute-peace.](https://www.uspto.gov/about-us/news-updates/remarks-director-andrei-iancu-us-institute-peace)

To further these goals, Director Iancu has made it very clear that the USPTO must "write, interpret, and administer patent laws" to help inventors and innovative

companies by incentivizing innovation:

Here's a start: when we write, interpret, and administer patent laws, we must consistently ask ourselves "Are we helping these inventors?" Whether it's an individual tinkering in her garage, or a team at a large corporation, or a laboratory on a university campus, we must ask ourselves "Are we helping them? Are we incentivizing innovation?"

<https://www.uspto.gov/about-us/news-updates/remarks-director-andrei-iancu-us-chamber-commerce-patent-policy-conference>.

But, as it currently stands, Microsoft and other large companies refuse to license any patents, even when they know they infringe, because they believe the IPR process provides them a get-out-of-jail-free card. Whether true or not, this perception must be changed so that innovators can license their patents for fair value without having to spending years and tens of millions of dollars on litigation.

Denying Microsoft's Petitions under § 314(a) would affirmatively demonstrate to the market that the Board will no longer allow corporations to abuse the IPR process in order to efficiently infringe the patents of small, innovative companies. This would go a long way to restoring the public's confidence in U.S. patent grants in furtherance of Director Iancu's stated agenda.

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Respectfully submitted,

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CERTIFICATE OF SERVICE

Pursuant to 37 C.F.R. §§ 42.6(e)(4) and 42.25(b), the undersigned certifies that on March 6, 2019, a complete copy of *Patent Owner Saint Regis Mohawk Tribe's Sur-Reply To Petitioner Microsoft Corporation's Reply To Patent Owner's Preliminary Response To Microsoft's Petition For Inter Partes Review* was filed electronically through the Patent Trial and Appeal Board's PTABE2E System and provided, via electronic service, to the Petitioner by serving the correspondence address of record as follows:

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